

AMENDED IN ASSEMBLY JULY 7, 2005

AMENDED IN ASSEMBLY JUNE 14, 2005

**SENATE BILL**

**No. 62**

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**Introduced by Committee on Budget and Fiscal Review**

January 14, 2005

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~~An act relating to the Budget Act of 2005. An act to amend Sections 14556.5, 14556.8, and 63048.65 of the Government Code, to amend Section 99310.6 of the Public Utilities Code, to amend Section 7102 of, to amend Section 7102 of, and to add Section 7107 to, the Revenue and Taxation Code, to amend Sections 183 and 188.10 of the Streets and Highways Code, and to add and repeal Section 4000.39 of the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 62, as amended, Committee on Budget and Fiscal Review.  
~~Budget Act of 2005. Transportation.~~

(1) Existing law provides that the Department of Finance may establish the accounting and reporting system used to determine the expenditures, cash needs, and balance of the State Highway Account, the Public Transportation Account, the Toll Bridge Seismic Retrofit Account, and the Traffic Congestion Relief Fund.

This bill would instead authorize the department to adjust the budgeting, accounting, and reporting system for those accounts so that unliquidated encumbrances are not reflected in the fund balance or financial statements.

(2) Existing law, Article XIX B of the California Constitution, dedicates certain gasoline sales tax revenues to transportation purposes, unless this provision is suspended by a 2/3 vote of the Legislature. Existing law, prior to Article XIX B, had provided for the

*transfer of certain General Fund revenues attributable to the sales tax on gasoline to the Transportation Congestion Relief Fund for expenditure on specified transportation capital improvement projects. Existing law authorizes money in the Transportation Congestion Relief Fund derived from the General Fund and not immediately needed for expenditures on projects to be loaned to the General Fund through the annual Budget Act, subject to a requirement that the loaned funds be repaid when needed for projects as determined by the Director of Finance, but not later than June 30, 2006.*

*This bill would delete the requirement for the loaned funds to be repaid by June 30, 2006. The bill would instead require the loaned funds to be repaid from proceeds of bonds sold by the California Infrastructure and Economic Development Bank as a result of the securitization of moneys paid by certain Indian tribes that have gaming compacts with the state. To the extent that the proceeds from those bonds are insufficient to repay the loans, the bill would require repayment of any remaining loan amount from future tribal gaming revenues, additional securitizations against those revenues, or the General Fund.*

*(3) Existing law provides for payment to the state of certain amounts under tribal-state gaming compacts, and provides for the issuance of bonds secured by those compact assets, with specified amounts of the net proceeds to be transferred to various transportation accounts.*

*This bill would revise those amounts.*

*(4) Existing law, pursuant to Proposition 116 of 1990, creates the Public Transportation Account as a trust fund, and provides that funds are to be deposited in the account from certain sales taxes on fuels, and are available for expenditure only for transportation planning and mass transportation purposes. These provisions are an initiative act that may be amended by the Legislature only by a 2/3 vote of both houses and only if the amending statute is consistent with, and furthers the purposes of, the initiative act.*

*This bill would provide for the transfer of certain revenues from sales taxes on fuels in the 2005-06 fiscal year and in the 2006-07 fiscal year to the General Fund instead of depositing them in the Public Transportation Account.*

*(5) Existing law, pursuant to Article XIX B of the California Constitution, provides that revenues derived from motor vehicle fuel sales taxes in the General Fund that are transferred to the*

*Transportation Investment Fund are subject to appropriation by the Legislature.*

*This bill would appropriate the moneys transferred to the Transportation Investment Fund for the 2005-06, 2006-07, and 2007-08 fiscal years for disbursement in the manner and for the purposes set forth in a specified statute.*

*(6) Existing law, on and after January 1, 2006, requires the Department of Motor Vehicles to suspend, cancel, or revoke the registration of a vehicle when it is determined that the vehicle registration was attained by providing false evidence of financial responsibility or upon notification by an insurance company that the required coverage has been canceled.*

*Existing law, on and after January 1, 2006, and for the duration of certain low-cost automobile insurance pilot programs, requires the department to provide residents of Los Angeles County and San Francisco County with specified information regarding affordable automobile insurance on the suspension, cancellation, or revocation notification document, in plain, bold type not less than 12 point in size, and in both English and Spanish.*

*This bill would require the department to implement these requirements in existing law on January 1, 2006, except as specified.*

*The bill would require the Director of Finance, on January 1, 2006, to determine whether the department has commenced implementation of these notification requirements on that date. If the department has not commenced implementation of those requirements on that date, the bill would require the director to determine whether the failure to implement was due to circumstances beyond the control of the department. The bill would require the director to report to the Governor and the Legislature on February 1, 2006, regarding his or her findings regarding the department's implementation or failure to implement.*

*The bill would extend the date for implementation of these provisions from January 1, 2006, to March 1, 2006, if the director's report states that the department did not implement the specified requirements on January 1, 2006, and the failure to implement was due to circumstances beyond the control of the department.*

*The bill would require the director to make similar determinations and reports every 60 days upon finding that the department has not met with the prior established implementation date and would extend that deadline in 60-day increments if the director's latest report states*

*that the department did not meet that implementation date, and the failure to implement was due to circumstances beyond the control of the department.*

*(7) The bill would declare that it is to take effect immediately as an urgency statute.*

~~This bill would express the intent of the Legislature to make statutory changes relating to the Budget Act of 2005.~~

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 14556.5 of the Government Code is*  
2     *amended to read:*

3     14556.5. (a) The Traffic Congestion Relief Fund is hereby  
4     created in the State Treasury. The fund shall include deposits of  
5     funds provided in the annual Budget Act, provided from the  
6     Transportation Investment Fund established under Section 7104  
7     of the Revenue and Taxation Code, or provided under any other  
8     statute. Notwithstanding Section 13340, the money in the fund is  
9     hereby continuously appropriated to the department, without  
10    regard to fiscal years, as follows:

11    (1) For allocation by the department, as directed by the  
12    commission pursuant to Section 14556.20, to the department and  
13    other regional and local transportation entities for the projects  
14    listed in Article 5 (commencing with Section 14556.40).

15    (2) For allocation by the Controller, the sum of four hundred  
16    million dollars (\$400,000,000), for allocation during the 2000–01  
17    fiscal year to cities, counties, and cities and counties, pursuant to  
18    Section 2182 of the Streets and Highways Code.

19    (3) For allocation by the commission to the funding exchange  
20    program authorized by Section 182.8 of the Streets and  
21    Highways Code.

22    (b) Notwithstanding any other provision of law, the  
23    Department of Finance may ~~establish~~ *adjust* the *budgeting,*  
24    *accounting, and reporting system used to determine the*  
25    ~~expenditures, cash needs, and balance of~~ *for the fund so that*  
26    ~~unliquidated encumbrances are not reflected in the fund balance~~  
27    ~~or financial statements.~~

1     *SEC. 2. Section 14556.8 of the Government Code is amended*  
2     *to read:*

3     14556.8. (a) (1) To the extent necessary to provide adequate  
4     cash to fund projected expenditures under this chapter, the  
5     Director of Finance may authorize, by Executive order, the  
6     transfer of not more than one hundred million dollars  
7     (\$100,000,000), as an interest free loan, from the Motor Vehicle  
8     Account in the State Transportation Fund to the TCRF, and the  
9     transfer of any available funds, as an interest free loan, from the  
10    General Fund to the TCRF. Loans from the Motor Vehicle  
11    Account may be made no sooner than July 1, 2004, and shall be  
12    repaid no later than July 1, 2007. The Director of Finance shall  
13    not authorize a loan from the Motor Vehicle Account, and shall  
14    promptly require the repayment of any outstanding balance owed  
15    to that account, if the funds are needed in the account to make  
16    expenditures authorized in the annual Budget Act and by any  
17    other appropriations made by the Legislature.

18    (2) To provide cash needed for expenditures on projects listed  
19    in Section 14556.40, the Legislature may authorize loans from  
20    the Public Transportation Account or the State Highway Account  
21    to the TCRF through the annual Budget Act. The Legislature  
22    may also authorize the State Highway Account to expend funds  
23    on behalf of projects listed in Section 14556.40 and those  
24    expenditures shall constitute a loan to the TCRF. Loans from the  
25    Public Transportation Account shall not exceed a cumulative  
26    total of two hundred eighty million dollars (\$280,000,000), and  
27    loans from the State Highway Account shall not exceed a  
28    cumulative total of six hundred fifty-four million dollars  
29    (\$654,000,000).

30    (b) The Director of Finance shall order the repayment of the  
31    loans authorized under this section under those terms and  
32    conditions that the director deems appropriate, upon determining  
33    that there are adequate funds available for that purpose in the  
34    TCRF and that repayment will not jeopardize the availability of  
35    money needed to fund approved and projected expenditures  
36    under this chapter. All loans from the Public Transportation  
37    Account shall be repaid by June 30, 2008, and all loans from the  
38    State Highway Account shall be repaid by June 30, 2007. Upon  
39    the request of the commission or the Director of Finance, the  
40    department shall provide a report, for purposes of this

1 subdivision, projecting the cash needs of the projects approved  
2 under this chapter.

3 (c) (1) Money in the TCRF derived from the General Fund  
4 and not currently needed for expenditures on the projects listed in  
5 Section 14556.40 may be loaned to the General Fund through the  
6 annual Budget Act.

7 (2) Upon making a determination that funds in the TCRF are  
8 not adequate to support expected cash expenditures for the listed  
9 projects, the Director of Finance, by Executive order, shall  
10 require that funds loaned to the General Fund under paragraph  
11 (1) be repaid to the TCRF. All these loans shall be repaid ~~no later~~  
12 ~~than June 30, 2006~~ *upon the sale of bonds authorized by Article*  
13 *6.5 (commencing with Section 63048.6) of Chapter 2 of Division*  
14 *1 of Title 6.7. If the proceeds from those bonds are insufficient to*  
15 *repay the funds loaned to the General Fund under paragraph (1),*  
16 *the remaining amount of those loans shall be repaid from future*  
17 *tribal gaming revenues, additional securitizations against those*  
18 *revenues, or from the General Fund.*

19 (3) Interest at the rate earned by the Surplus Money  
20 Investment Fund shall be paid to the TCRF from the General  
21 Fund with respect to the cumulative amount loaned from the  
22 State Highway Account to the TCRF pursuant to paragraph (2) of  
23 subdivision (a) that is in excess of one hundred eighty million  
24 dollars (\$180,000,000). The amount of this interest obligation  
25 shall be calculated annually on the balance of this portion of this  
26 outstanding loan amount. All interest on the loan shall be paid in  
27 full on or before June 30, 2007, and the interest payment shall be  
28 transferred from the TCRF to the State Highway Account.

29 (d) Funds loaned to the TCRF under this section shall be used  
30 for purposes consistent with any restrictions on uses of those  
31 funds imposed under the California Constitution or by statute.  
32 The department shall identify specific projects to which those  
33 funds may properly be applied and shall propose that application  
34 of funds to the commission. The commission shall designate  
35 projects to receive those funds through the processes described in  
36 Article 3 (commencing with Section 14556.10) and Article 4  
37 (commencing with Section 14556.25). The department shall  
38 report periodically to the commission and the Department of  
39 Finance on the expenditure of those funds.

1 (e) This section shall become inoperative on July 1, 2008, and,  
2 as of January 1, 2009, is repealed, unless a later enacted statute,  
3 that becomes operative on or before January 1, 2009, deletes or  
4 extends the dates on which it becomes inoperative and is  
5 repealed.

6 *SEC. 3. Section 63048.65 of the Government Code is*  
7 *amended to read:*

8 63048.65. (a) Upon a filing by the Director of Finance with  
9 the bank of a list of designated tribal compacts and the specific  
10 portions of the compact assets to be sold, the bank may sell for,  
11 and on behalf of, the state, solely as its agent, those specific  
12 portions of the compact assets to a special purpose trust. To that  
13 end, a special purpose trust is hereby established as a  
14 not-for-profit corporation solely for that purpose and for the  
15 purposes necessarily incidental thereto. The bank may enter into  
16 one or more sales agreements with the special purpose trust on  
17 terms it deems appropriate, which may include covenants of, and  
18 binding on, the state necessary to establish and maintain the  
19 security of the bonds and exemption of interest on the bonds  
20 from federal income taxation. The portion of the compact assets  
21 to be sold shall be an amount or amounts determined by the  
22 Director of Finance that are necessary to provide the state with  
23 net proceeds of the sale, not to exceed one billion five hundred  
24 million dollars (\$1,500,000,000), exclusive of capitalized interest  
25 on the bonds and any costs incurred by the bank or the special  
26 purpose trust in implementing this article, including, but not  
27 limited to, the cost of financing one or more reserve funds, any  
28 credit enhancements, costs incurred in the issuance of bonds, and  
29 operating expenses. Those specific portions of the compact assets  
30 may be sold at one time or from time to time.

31 (b) The special purpose trust may issue bonds, including, but  
32 not limited to, refunding bonds, on the terms it shall determine,  
33 and do all things contemplated by, and authorized by, this  
34 division with respect to the bank, and enjoy all rights, privileges,  
35 and immunities the bank enjoys pursuant to this division, or as  
36 authorized by Section 5140 of the Corporations Code with  
37 respect to public benefit nonprofit corporations, or as necessary  
38 or appropriate in connection with the issuance of bonds, and may  
39 enter into agreements with any public or private entity and  
40 pledge the compact assets that it purchased as collateral and

1 security for its bonds. However, to the extent of any conflict  
2 between any of the foregoing and the provisions of this article,  
3 the provisions of this article shall control. The pledge of any of  
4 these assets and of any revenues, reserves, and earnings pledged  
5 in connection with these assets shall be valid and binding in  
6 accordance with its terms from the time the pledge is made, and  
7 amounts so pledged and thereafter received shall immediately be  
8 subject to the lien of the pledge without the need for physical  
9 delivery, recordation, filing, or other further act. The special  
10 purpose trust, and its assets and income, and bonds issued by the  
11 special purpose trust, and their transfer and the income  
12 therefrom, shall be exempt from all taxation by the state and by  
13 its political subdivisions.

14 (c) (1) The net proceeds of the sale of compact assets by the  
15 bank shall be deposited in the following order:

16 (A) One billion two hundred ~~fourteen~~ *twenty-two* million  
17 dollars ~~—(\$1,214,000,000)~~ *(\$1,222,000,000)* to the Traffic  
18 Congestion Relief Fund for the purpose of funding or  
19 reimbursing the cost of projects, programs, and activities  
20 permitted and necessary to be funded by that fund in accordance  
21 with applicable law in the following priority order:

22 (i) Transfer of four hundred ~~fifty-seven~~ *sixty-five* million  
23 dollars ~~—(\$457,000,000)~~ *(\$465,000,000)* to the State Highway  
24 Account for project expenditures.

25 (ii) Two hundred ninety million dollars (\$290,000,000) for  
26 allocation to Traffic Congestion Relief Program projects.

27 (iii) Three hundred eighty-four million dollars (\$384,000,000)  
28 to be allocated equally, as funds become available, for both of the  
29 following:

30 (I) To the Public Transportation Account for project  
31 expenditures.

32 (II) For advanced repayments of local street and road projects  
33 due for funding in the 2008–09 fiscal year.

34 (iv) Eighty-three million dollars (\$83,000,000) to the Public  
35 Transportation Account for project expenditures.

36 (v) Advanced funding of State Transit Assistance loans due  
37 for funding in the 2008–09 fiscal year.

38 (B) To the Transportation Deferred Investment Fund, an  
39 amount up to the outstanding amount of the suspension of the  
40 2004–05 fiscal year transfer of the sales tax on gasoline to the



1 Transportation Investment Fund pursuant to requirements of  
2 Article XIXB of the California Constitution.

3 (C) To the Transportation Deferred Investment Fund, an  
4 amount up to the outstanding amount of the suspension of the  
5 2003–04 fiscal year transfer of the sales tax on gasoline to the  
6 Transportation Investment Fund pursuant to requirements of  
7 Article XIXB of the California Constitution.

8 (2) Notwithstanding paragraph (1), if and to the extent it is  
9 necessary to ensure to the maximum extent practicable the  
10 eligibility for exclusion from taxation under the federal Internal  
11 Revenue Code of interest on the bonds to be issued by the special  
12 purpose trust, the Director of Finance may adjust the application  
13 of proceeds not eligible for exclusion from taxation among the  
14 authorized funds described in paragraph (1). The Department of  
15 Finance shall submit a report to the Legislature describing any  
16 proposed changes among the authorized funds in paragraph (1),  
17 and consistent with this paragraph, at least 30 days prior to  
18 issuing the bonds pursuant to this article. Amounts deposited in  
19 the Traffic Congestion Relief Fund pursuant to paragraph (1)  
20 shall be applied as a credit to transfers from the General Fund  
21 that the Controller would otherwise be required to make to that  
22 fund. Amounts deposited in the Transportation Deferred  
23 Investment Fund shall be expended in conformance with  
24 Sections 7105 and 7106 of the Revenue and Taxation Code, and  
25 the amounts so deposited shall also be applied as a credit to the  
26 transfers from the General Fund that the Controller would  
27 otherwise be required to make under those sections. The  
28 Legislature hereby finds and declares that the deposits and credits  
29 described in this subdivision do not constitute the use of the  
30 proceeds of bonds or other indebtedness to pay a year-end state  
31 budget deficit as prohibited by subdivision (c) of Section 1.3 of  
32 Article XVI of the California Constitution. Subject to any  
33 constitutional limitation, the use and application of the proceeds  
34 of any sale of compact assets or bonds shall not in any way affect  
35 the legality or validity of that sale or those bonds.

36 (d) Funds received from amended tribal-state compacts, or  
37 new compacts entered into and ratified on or after the effective  
38 date of this article, pursuant to Section 4.3.1 of the amended  
39 compacts, or the comparable section in new compacts, as  
40 specified in those compacts, that are neither sold to the special

1 purpose trust nor otherwise appropriated, and funds received as a  
2 result of the state's acquisition of an ownership interest in any  
3 residual interest in compact assets attributable to Section 4.3.1 of  
4 the amended compacts, or the comparable section in new  
5 compacts, as specified in those compacts, shall be remitted to the  
6 California Gambling Control Commission for deposit in the  
7 General Fund.

8 (e) Funds received from amended tribal-state compacts, or  
9 new compacts entered into and ratified on or after the effective  
10 date of this article, pursuant to Section 4.3.3 of the amended  
11 compacts, or the comparable section in new compacts, as  
12 specified in those compacts, shall be held in an account within  
13 the Special Deposit Fund until those funds are sold or otherwise  
14 applied pursuant to this subdivision. From time to time, at the  
15 direction of the Director of Finance, any moneys in this account  
16 shall be deposited and applied in accordance with subdivision (c)  
17 or shall be deemed to be compact assets for purposes of sale to  
18 the special purpose trust pursuant to this article. If the Director of  
19 Finance determines that the bonds authorized pursuant to this  
20 article cannot be successfully issued by the special purpose trust,  
21 funds within the account shall be deposited in accordance with  
22 subdivision (c). In addition, all subsequent revenues remitted  
23 pursuant to Section 4.3.3 of the amended compacts, or the  
24 comparable section in new compacts, as specified in those  
25 compacts, and funds received as a result of the state's acquisition  
26 of an ownership interest in any residual interest in compact assets  
27 attributable to Section 4.3.3 of the amended compacts, or the  
28 comparable section in new compacts, as specified in those  
29 compacts, shall be used to satisfy the purposes of subdivision (c).  
30 When the amounts described in subdivision (c) have been paid to  
31 the funds named in that subdivision either pursuant to this article  
32 or by other appropriations or transfers, thereafter the revenues  
33 received by the state from Section 4.3.3 of the compact shall be  
34 remitted to the California Gambling Control Commission for  
35 deposit in the General Fund.

36 (f) The principal office of the special purpose trust shall be  
37 located in the County of Sacramento. The articles of  
38 incorporation of the special purpose trust shall be prepared and  
39 filed, on behalf of the state, with the Secretary of State by the  
40 bank. The members of the board of directors of the bank as of the

effective date of this article, the Director of the Department of Transportation, and the Director of General Services, shall each serve ex officio as the directors of the special purpose trust. Any of these directors may name a designee to act on his or her behalf as a director of the special purpose trust. The Director of Finance or his or her designee shall serve as chair of the special purpose trust. Directors of the special purpose trust shall not be subject to personal liability for carrying out the powers and duties conferred by this article. The Legislature hereby finds and declares that the duties and responsibilities of the directors of the special purpose trust and the duties and responsibilities of the Director of Finance established under this article are within the scope of the primary duties of those persons in their official capacities. The special purpose trust shall be treated as a separate legal entity with its separate corporate purpose as described in this article, and the assets, liabilities, and funds of the special purpose trust shall be neither consolidated nor commingled with those of the bank.

*SEC. 4. Section 99310.6 of the Public Utilities Code is amended to read:*

99310.6. Notwithstanding any other provision of law, the Department of Finance may ~~establish~~ *adjust* the *budgeting, accounting, and reporting system used to determine the expenditures, cash needs, and balance of* for the Public Transportation Account *so that unliquidated encumbrances are not reflected in the fund balance or financial statements.*

*SEC. 5. Section 7102 of the Revenue and Taxation Code is amended to read:*

7102. The money in the fund shall, upon order of the Controller, be drawn therefrom for refunds under this part, credits or refunds pursuant to Section 60202, and refunds pursuant to Section 1793.25 of the Civil Code, or be transferred in the following manner:

(a) (1) All revenues, less refunds, derived under this part at the  $4\frac{3}{4}$ -percent rate, including the imposition of sales and use taxes with respect to the sale, storage, use, or other consumption of motor vehicle fuel which would not have been received if the sales and use tax rate had been 5 percent and if motor vehicle fuel, as defined for purposes of the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301)), had been exempt from sales and use taxes, shall be estimated by the State

1 Board of Equalization, with the concurrence of the Department  
2 of Finance, and shall be transferred quarterly to the Public  
3 Transportation Account, a trust fund in the State Transportation  
4 Fund.

5 (A) For the 2001–02 fiscal year, those transfers may not be  
6 more than eighty-one million dollars (\$81,000,000) plus one-half  
7 of the amount computed pursuant to this paragraph that exceeds  
8 eighty-one million dollars (\$81,000,000).

9 (B) For the 2002–03 fiscal year, those transfers may not be  
10 more than thirty-seven million dollars (\$37,000,000) plus  
11 one-half of the amount computed pursuant to this paragraph that  
12 exceeds thirty-seven million dollars (\$37,000,000).

13 (C) For the 2003–04 fiscal year, no transfers shall be made  
14 pursuant to this paragraph, except that if the amount to be  
15 otherwise transferred pursuant to this paragraph is in excess of  
16 eighty-seven million four hundred fifty thousand dollars  
17 (\$87,450,000), then the amount of that excess shall be  
18 transferred.

19 (D) For the 2004–05 fiscal year, no transfers shall be made  
20 pursuant to this paragraph, and of the amount that would  
21 otherwise have been transferred, one hundred forty million  
22 dollars (\$140,000,000) shall instead be transferred to the Traffic  
23 Congestion Relief Fund as partial repayment of amounts owed by  
24 the General Fund pursuant to Item 2600-011-3007 of the Budget  
25 Act of 2002 (Chapter 379 of the Statutes of 2002).

26 *(E) For the 2005-06 fiscal year, no transfers shall be made*  
27 *pursuant to this paragraph.*

28 *(F) For the 2006-07 fiscal year, no transfers shall be made*  
29 *pursuant to this paragraph, except that if the amount to be*  
30 *otherwise transferred pursuant to this paragraph is in excess of*  
31 *two hundred million dollars (\$200,000,000), then the amount of*  
32 *that excess shall be transferred.*

33 (2) All revenues, less refunds, derived under this part at the 4  
34 3/4-percent rate, resulting from increasing, after December 31,  
35 1989, the rate of tax imposed pursuant to the Motor Vehicle Fuel  
36 License Tax Law on motor vehicle fuel, as defined for purposes  
37 of that law, shall be transferred quarterly to the Public  
38 Transportation Account, a trust fund in the State Transportation  
39 Fund.

(3) All revenues, less refunds, derived under this part at the 3/4-percent rate from the imposition of sales and use taxes on fuel, as defined for purposes of the Use Fuel Tax Law (Part 3 (commencing with Section 8601)) and the Diesel Fuel Tax Law (Part 31 (commencing with Section 60001)), shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and shall be transferred quarterly to the Public Transportation Account, a trust fund in the State Transportation Fund.

(4) All revenues, less refunds, derived under this part from the taxes imposed pursuant to Sections 6051.2 and 6201.2 shall be transferred to the Sales Tax Account of the Local Revenue Fund for allocation to cities and counties as prescribed by statute.

(5) All revenues, less refunds, derived from the taxes imposed pursuant to Section 35 of Article XIII of the California Constitution shall be transferred to the Public Safety Account in the Local Public Safety Fund created in Section 30051 of the Government Code for allocation to counties as prescribed by statute.

(b) The balance shall be transferred to the General Fund.

(c) The estimates required by subdivision (a) shall be based on taxable transactions occurring during a calendar year, and the transfers required by subdivision (a) shall be made during the fiscal year that commences during that same calendar year. Transfers required by paragraphs (1), (2), and (3) of subdivision (a) shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and shall be made quarterly.

(d) Notwithstanding the designation of the Public Transportation Account as a trust fund pursuant to subdivision (a), the Controller may use the Public Transportation Account for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. The loans shall be repaid with interest from the General Fund at the Pooled Money Investment Account rate.

(e) The Legislature may amend this section, by statute passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, if the statute is consistent with, and furthers the purposes of this section.

1     *SEC. 6. Section 7107 is added to the Revenue and Taxation*  
2     *Code, to read:*

3     *7107. Pursuant to the requirements of paragraph (1) of*  
4     *subdivision (b) of Section 1 of Article XIX B of the California*  
5     *Constitution, moneys in the Transportation Investment Fund*  
6     *derived from the 2005-06, 2006-07, and 2007-08 fiscal year*  
7     *transfers from the General Fund made pursuant to subdivision*  
8     *(a) and paragraph (1) of subdivision (b) of Section 1 of Article*  
9     *XIX B of the California Constitution are hereby continuously*  
10    *appropriated without regard to fiscal years for disbursement in*  
11    *the manner and for the purposes set forth in Section 7104 as that*  
12    *section read on March 6, 2002.*

13    *SEC. 7. Section 183 of the Streets and Highways Code is*  
14    *amended to read:*

15    183. (a) All money in the State Highway Account in the  
16    State Transportation Fund derived from federal sources or from  
17    appropriations to other state agencies, or deposited in the account  
18    by local agencies or by others, is continuously appropriated to,  
19    and shall be available for expenditure by, the department for the  
20    purposes for which the money was made available.

21    Unless otherwise expressly provided for by law, none of the  
22    balance of the money in the State Highway Account shall be  
23    expended until it has been specifically appropriated by the  
24    Legislature or made available pursuant to Section 13322 of the  
25    Government Code.

26    The Budget Act appropriations shall be made on a program  
27    basis only and shall not identify the specific capital outlay  
28    projects to be funded. The commission shall be responsible for  
29    allocating the funds to specific projects within the budget  
30    program categories, except that all funds described in Chapter 5  
31    (commencing with Section 2200) of Division 3 shall be allocated  
32    on a program basis to the department for allocation pursuant to  
33    that chapter.

34    (b) Notwithstanding subdivision (a), commencing with the  
35    1985–86 Budget, the department shall submit with its budget  
36    requests a detailed description of the acquisition, improvement,  
37    and construction of office building projects to the Legislature for  
38    review. The total amount appropriated for those projects shall be  
39    identified as a separate line item in the Budget Act. Funds  
40    appropriated for those projects shall be allocated by the

1 commission only for projects which have been approved by the  
2 Legislature. Minor projects are to be defined consistent with  
3 Section 167. The commission may substitute for approved minor  
4 projects, if the total sum of minor projects is within the amount  
5 approved by the Legislature.

6 (c) Notwithstanding any other provision of law, the  
7 Department of Finance may ~~establish~~ *adjust* the *budgeting*,  
8 accounting, and reporting system ~~used to determine the~~  
9 ~~expenditures, cash needs, and balance of~~ *for the State Highway*  
10 *Account so that unliquidated encumbrances are not reflected in*  
11 *the fund balance or financial statements.*

12 *SEC. 8. Section 188.10 of the Streets and Highways Code is*  
13 *amended to read:*

14 188.10. (a) The Toll Bridge Seismic Retrofit Account is  
15 hereby created in the State Transportation Fund. The money in  
16 the account is hereby appropriated, without regard to fiscal years,  
17 to the department for the purpose of funding seismic retrofit or  
18 replacement of the bridges listed in Section 188.5.  
19 Notwithstanding Section 11012 of the Government Code, the  
20 department, in consultation with the Department of Finance and  
21 the Office of the State Treasurer, may authorize the investment of  
22 bond proceeds or commercial paper proceeds deposited into the  
23 account in obligations permitted by the Treasurer. Those invested  
24 amounts may be held by a trustee who is either the Treasurer or  
25 who is selected by the Treasurer. Authorized investments made  
26 pursuant to this section shall be included as cash balance for  
27 purposes of reporting the condition of the account in the  
28 Governor's proposed budget or pursuant to the reporting  
29 requirement contained in subdivision (b) of Section 14556.9 of  
30 the Government Code.

31 (b) The Department of Finance shall provide notification to  
32 the Joint Legislative Budget Committee and to the transportation  
33 policy committee in each house in the form of a financing plan or  
34 pro forma at least 60 days prior to the initial issuance of any  
35 commercial paper or the issuance of any bonds for purposes of  
36 the toll bridge seismic retrofit program. The financing plan or pro  
37 forma shall include all of the following components:

38 (1) The amount and form of the debt issuance or issuances, the  
39 term of the issuance or issuances, repayment and security

1 provisions, the amount and structure of any reserve funds, and all  
2 other details of the proposed financing.

3 (2) All necessary information with respect to the sources and  
4 uses of funds to construct the projects identified in the toll bridge  
5 seismic retrofit program and the timing of expenditures by each  
6 fund source by fiscal year.

7 (3) An assessment of funding available for the Bay Area Toll  
8 Authority for authorized projects as a result of the financing.

9 (c) The Department of Finance is not required to provide  
10 additional notification to the Legislature after meeting the  
11 requirements of subdivision (b) unless additional bonds are  
12 issued or changes are made to existing bonds that alter the  
13 content of the financing plan it submitted under subdivision (b).  
14 The Department of Finance shall notify the Legislature within 60  
15 days of the closing of a refunding or an advance refunding of an  
16 existing bond but is not required to include this information in its  
17 report under subdivision (b).

18 (d) No interest income earned as a result of investments made  
19 pursuant to subdivision (a), or from reserve funds created to  
20 support the financing, shall be used to pay project costs that are  
21 in excess of four billion six hundred thirty-seven million dollars  
22 (\$4,637,000,000). No reserve funds, other than a required debt  
23 service reserve fund, shall be in place subsequent to the  
24 completion of the seismic retrofit projects.

25 (e) Notwithstanding any other provision of law, the  
26 Department of Finance may ~~establish~~ *adjust* the *budgeting,*  
27 *accounting, and reporting system used to determine the*  
28 ~~expenditures, cash needs, and balance of~~ *for the account so that*  
29 *unliquidated encumbrances are not reflected in the fund balance*  
30 *or financial statements.*

31 *SEC. 9. Section 4000.39 is added to the Vehicle Code, to*  
32 *read:*

33 *4000.39. (a) Except as provided under this section, the*  
34 *department shall implement the requirements of Section 4000.38*  
35 *on January 1, 2006.*

36 *(b) On January 1, 2006, the Director of Finance shall do all of*  
37 *the following:*

38 *(1) Determine whether the department has commenced*  
39 *implementation of Section 4000.38.*



1     (2) If the department has not commenced implementation of  
2     Section 4000.38, the Director of Finance shall determine  
3     whether the failure to implement was due to circumstances  
4     beyond the control of the department.

5     (c) On February 1, 2006, the Director of Finance shall report  
6     to the Governor and the Legislature regarding his or her findings  
7     under subdivision (b).

8     (d) If the report submitted under subdivision (c) states that the  
9     department did not implement Section 4000.38 on January 1,  
10    2006, and the failure to implement was due to circumstances  
11    beyond the control of the department, the date for  
12    implementation of Section 4000.38 is hereby extended from  
13    January 1, 2006, to March 1, 2006.

14    (e) On March 1, 2006, if the date for implementation was  
15    extended to March 1, 2006, under subdivision (d), the Director of  
16    Finance shall do all of the following:

17    (1) Determine whether the department has commenced  
18    implementation of Section 4000.38.

19    (2) If the department has not commenced implementation of  
20    Section 4000.38, the Director of Finance shall determine  
21    whether the failure to implement was due to circumstances  
22    beyond the control of the department.

23    (f) On April 1, 2006, the Director of Finance shall report to  
24    the Governor and the Legislature regarding his or her findings  
25    under subdivision (e).

26    (g) If the report submitted under subdivision (f) states that the  
27    department did not implement Section 4000.38 on March 1,  
28    2006, and the failure to implement was due to circumstances  
29    beyond the control of the department, the date for  
30    implementation of Section 4000.38 is hereby extended from  
31    March 1, 2006, to May 1, 2006.

32    (h) On May 1, 2006, if the date for implementation was  
33    extended to May 1, 2006, under subdivision (g), the Director of  
34    Finance shall do all of the following:

35    (1) Determine whether the department has commenced  
36    implementation of Section 4000.38.

37    (2) If the department has not commenced implementation of  
38    Section 4000.38, the Director of Finance shall determine  
39    whether the failure to implement was due to circumstances  
40    beyond the control of the department.

1     (i) On June 1, 2006, the Director of Finance shall report to the  
2 Governor and the Legislature regarding his or her findings  
3 under subdivision (h).

4     (j) If the report submitted under subdivision (i) states that the  
5 department did not implement Section 4000.38 on May 1, 2006,  
6 and the failure to implement was due to circumstances beyond  
7 the control of the department, the date for implementation of  
8 Section 4000.38 is hereby extended from May 1, 2006, to July 1,  
9 2006.

10    (k) On July 1, 2006, if the date for implementation was  
11 extended to July 1, 2006, under subdivision (j), the Director of  
12 Finance shall do all of the following:

13     (1) Determine whether the department has commenced  
14 implementation of Section 4000.38.

15     (2) If the department has not commenced implementation of  
16 Section 4000.38, the Director of Finance shall determine  
17 whether the failure to implement was due to circumstances  
18 beyond the control of the department.

19    (l) On August 1, 2006, the Director of Finance shall report to  
20 the Governor and the Legislature regarding his or her findings  
21 under subdivision (k).

22    (m) If the report submitted under subdivision (l) states that the  
23 department did not implement Section 4000.38 on July 1, 2006,  
24 and the failure to implement was due to circumstances beyond  
25 the control of the department, the date for implementation of  
26 Section 4000.38 is hereby extended from July 1, 2006, to October  
27 1, 2006.

28    (n) This section shall remain in effect only until January 1,  
29 2007, and as of that date is repealed, unless a later enacted  
30 statute, that is enacted before January 1, 2007, deletes or extends  
31 that date.

32    SEC. 10. This act is an urgency statute necessary for the  
33 immediate preservation of the public peace, health, or safety  
34 within the meaning of Article IV of the Constitution and shall go  
35 into immediate effect. The facts constituting the necessity are:

36     In order to ensure adequate funding for the operation of state  
37 government, it is necessary that this act take effect immediately.

1     ~~SECTION 1. It is the intent of the Legislature to make~~  
2     ~~statutory changes relating to the Budget Act of 2005.~~

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